

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS  
AND CHAIR HILDA L. SOLIS**

**July 12, 2016**

**Implementing a Local Small Business and Social Enterprise Utilization Plan**

On January 12, 2016, the Los Angeles County (County) Board of Supervisors (Board) adopted a motion directing the Director of the Department of Consumer and Business Affairs (DCBA) to prepare a four-year action plan for attaining procurement utilization goals of twenty-five percent (25%) for Local Small Business Enterprises (LSBEs) and three percent (3%) for Disabled Veteran Business Enterprises (DVBES) by 2020. DCBA was also directed to develop a streamlined certification process for LSBEs and DVBES and to create a new certification process for Social Enterprises (SE). Additional directives addressed increasing bid price preferences, eliminating the cap on price preferences, establishing departmental delegated authority with a \$25,000 ceiling, and designing a two-year set aside pilot program.

DCBA worked across County departments including the Chief Executive Office (CEO), County Counsel, the Internal Services Department (ISD), Public Works, and several others to develop recommendations, create a timeline, draft revisions to relevant ordinances and identify the extent of the economic opportunities associated with the proposed plan. DCBA also retained a consultant, KH Consulting Group (KH Consulting) to facilitate and synthesize the input that came from the various inter-department work groups.

KH Consulting worked with more than 50 County representatives and facilitated more than 27 two-hour meetings to ensure a diversity of thought and expertise in the planning process. DCBA and KH Consulting also facilitated three Business Forums that included participation from LSBE associations, DVBES and SE organizations.

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**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS AND CHAIR HILDA L. SOLIS**  
**JULY 12, 2016**  
**PAGE 2**

Finally, KH Consulting created and distributed an online business survey to solicit interest from the local small business community in securing County contracts. This survey garnered over 2,000 responses, which includes 894 local businesses with revenues totaling \$3.86 trillion. Over 90% of survey respondents indicated that they are interested in becoming certified with the County.

On May 24, 2016, the Director of DCBA submitted the four-year Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Plan (Utilization Plan) to the Board. The Utilization Plan identified \$3.9 Billion in annual County procurement activity for competitive bidding by LSBEs, DVBES and SEs. The major elements of the Utilization Plan includes: 1) expanding the pool of certified businesses; (2) authorizing DCBA as the Certifying Department for the County; (3) raising the Bid Price Preference from 8% to 15%; (4) raising the Bid Preference Cap from \$50,000 to \$150,000; and (5) implementing comprehensive marketing, outreach and reporting measures.

Adopting the Utilization Plan is expected to have a tremendous impact on small businesses and social enterprises in the County. The more than 200,000 small businesses in the County account for half of the region's 3.5 million jobs and are the foundation of the regional economy. With successful implementation and promotion of these efforts, the County will encourage the establishment of new businesses, stimulate growth in existing small businesses, and add to the economic stability of the region.

**WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Adopt the Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Plan (Utilization Plan) as submitted by the Director of the Department of Consumer and Business (DCBA) Affairs for achieving County-wide procurement goals of twenty-five percent (25%) for certified Local Small Business Enterprises (LSBEs) and three (3%) for Disabled Veteran Business Enterprises (DVBES) by 2020, and for implementing a certification program for Social Enterprises (SEs).
2. Direct the Chief Executive Officer (CEO) to work with the Director of the DCBA to identify the resources needed to support the Utilization Plan, including up to five (5) DCBA program staff positions, and return to the Board during Supplemental Budget

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS AND CHAIR HILDA L. SOLIS**  
**JULY 12, 2016**  
**PAGE 3**

Changes with a report and recommendations that also identify the needed funding.

3. Authorize the Director of DCBA to facilitate and implement the processes as outlined in the Utilization Plan.
4. Direct County Counsel to amend the LSBE and DVBE ordinances pursuant to the recommendations outlined in the June 23, 2016 supplemental report submitted by the Director of the DCBA. to accomplish the following objectives:
  - a. Increase price preference from 8% to 15%;
  - b. Raise the cap on price preference from \$50,000 to \$150,000.
5. Direct County Counsel to amend and rename the Transitional Job Opportunities Preference Program ordinance pursuant to the recommendations outlined in the June 23, 2016 supplemental report submitted by the Director of the DCBA.
6. Authorize the Director of DCBA to develop and implement the SE certification process and procedures.
7. Authorize the Director of the DCBA to identify and track microbusinesses to capture data and assess the feasibility of certifying microbusinesses as a subset of LSBEs in the future and to report in writing quarterly to the Board and the Economic Development Policy Committee with the first report due not later than December 31, 2016.
8. Direct the Director of the DCBA to establish workgroups comprised of the Internal Services Department (ISD), Department of Public Works, and other relevant departments to assess and report back by January 3, 2017 on the feasibility of:
  - a. Developing a set aside for certain contracts available to certified businesses. This includes identifying legal issues, county policy, or other guidelines that affect the issuance of the set aside; research best practices in set aside programs;
  - b. Tracking subcontractor utilization; and
  - c. Streamlining boilerplate contract language for small businesses.
9. Delegate authority to the Director of Community and Senior Services Department (CSS), with assistance from DCBA, to develop and conduct a pilot program that creates a set aside program to contract only with certified SEs that have experience in employing individuals with barriers to employment.

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS AND CHAIR HILDA L. SOLIS**  
**JULY 12, 2016**  
**PAGE 4**

10. Authorize the Director of CSS to:

- a. Issue a Request for Statement of Qualifications to certified SEs for certain employment activity contracts;
- b. Execute Master Agreement contracts with qualified SEs; and
- c. Issue and execute work orders to Master Agreement SE contractors up to the limits of available funding.
- d. Delegate authority to the Director of CSS to approve and execute any necessary amendments.

11. Direct the Chief Deputy Director of ISD to increase departmental delegated authority and to:

- a. Identify and implement all required policy changes in order to raise the delegated authority for departments to up to \$25,000 with two bids from certified businesses;
- b. Produce quarterly written reports to the Board that include identifiable procurements and contracts issued under the new two-bid delegated authority policy and to make such reports available to DCBA; and
- c. Monitor delegated authority use and determine appropriateness of level.

12. Direct the Auditor-Controller to reissue policy guidelines pertaining to County object codes for tracking the types of business contracting with the County, including educating County departments on standardized usage.

13. Direct all County departments that have designated Small Business Advocates to:

- a. Create “mini utilization plans” which will provide procurement information on the types of contracts awarded, whether those contracts are appropriate for LSBEs, and other information as outlined in the Utilization Plan;
- b. Identify industries, services, goods or equipment where the County needs larger pools of certified LSBEs, DVBEs, and SEs;
- c. Identify LSBE, DVBE and/or SE eligible businesses and encourage them to certify;
- d. Include small business utilization and advocate information on their websites;
- e. Provide quarterly written progress reports to the Director of DCBA for the preparation of a consolidated written quarterly report to the Board and the

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS AND CHAIR HILDA L. SOLIS**  
**JULY 12, 2016**  
**PAGE 5**

Economic Development Policy Committee with the first report due not later than September 30, 2016.

14. Authorize the Director of DCBA to lead efforts in assessing and recommending improvements to County IT systems to easily identify and track LSBEs, DVBES and SEs, including usage of a third party software system to implement a Subcontracting Utilization pilot.
15. Direct the Chief Deputy Director of ISD to develop a process to regularly update the small business and utilization tracking systems within WebVen.
16. Authorize the Director of DCBA to design and implement a County recognition and awards program for departmental small business utilization.
17. Direct the Director of DCBA to monitor County progress towards overall utilization regularly and submit quarterly reports to the Board and the Economic Development Policy Committee on the status of the Utilization Plan with the first report due no later than September 30, 2016.
18. Authorize the Director of DCBA to evaluate County progress towards the utilization goal and update or adjust the action steps as necessary.
19. Direct the Director of DCBA, in consultation with the County Assessor, to evaluate the feasibility and cost/benefits of increasing the personal property exemption for certified SEs from \$5,000 to \$20,000 and report in writing to the Board with recommendations not later than September 30, 2016.
20. Direct the Director of DCBA and the Deputy Chief Director of ISD to prioritize certified SEs with proper data security protocols and environmental health and safety protocols for receipt of County electronic waste.

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